



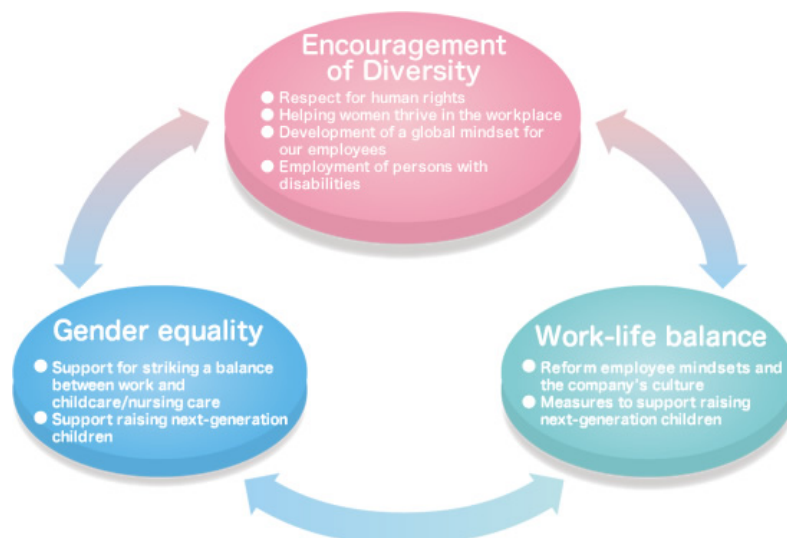
## With Our Employees

A company is nothing without its people. Nippon Kayaku respects the human rights of each and every employee, and strives to offer a workplace environment that offers peace of mind to employees. Our goal is to be a company where employees can grow personally and professionally through work and feel a sense of motivation in what they do.

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### Message from the Head of Administration Group

We aim to be a company where people are the main actors of our corporate activities, where the human rights of each employee are respected, where employees can work with peace of mind in their workplaces and can grow through their work. The Nippon Kayaku Group aims to realize the **KAYAKU spirit** and wants to be a company where all our employees can feel well-being through their work. We will constantly revise our human resource systems to achieve a real sense of well-being and suitable deployment and treatment of our employees through everyone being able to be fairly challenged and able to take on challenges as well as for the results of which to be fairly assessed. We aim for an organizational culture that values diversity while ensuring psychological safety, and one that is highly productive and flexible. We believe that being such an organization will be a source of competitiveness and foster innovation. In future, in addition to all employees rapidly responding to changes in our corporate environment, we will continue revising our organizational culture.



## Diversity & Inclusion

### Initiatives for Achieving SDGs

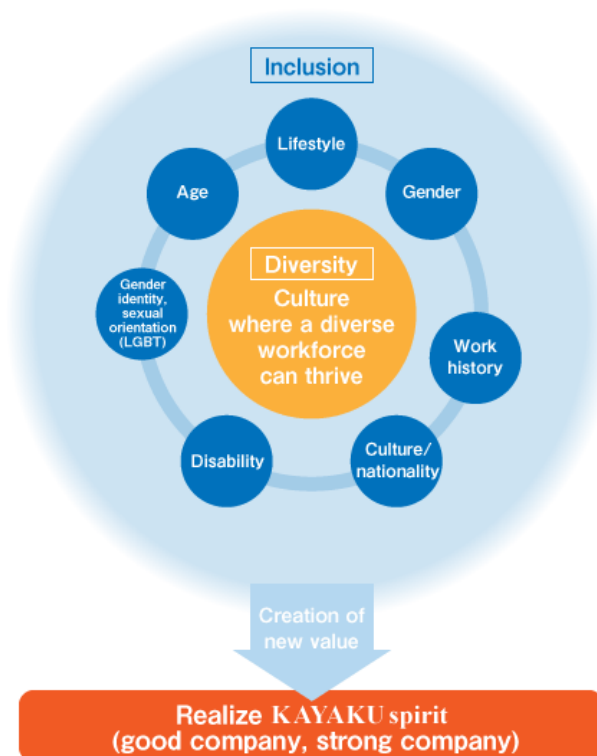
#### Approach to Diversity & Inclusion

The Nippon Kayaku Group aims to be a company with a work environment and atmosphere that can maximize people with differing personalities and values and where every employee can work enthusiastically with a feeling of fulfillment and that work is a worthy pursuit.

This means bringing about the sustainable growth of CSR management (i.e., the **KAYAKU spirit**) by creating a virtuous cycle of productivity improvement through human resource development and the creation of new corporate value through SDGs for our business.

Diversity and inclusion means a revolution in the way we work. With these initiatives as an impetus, we will succeed in becoming a company that is trusted by society and a company that is strong and good.

#### Approach to Diversity and Inclusion



#### Encouraging Diversity

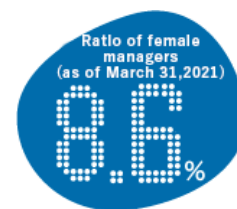
##### ■ Nippon Kayaku Group's Personnel System

We have adopted the position class system, which is a human resources system whereby employees can obtain job assignments and compensation that are not tied to their age, gender, career background, or educational background, and we are improving it in response to the historical background and the demands of society. This system, which is based on individual roles and responsibilities, is also offered to management-class employees. Therefore, promotions to the managerial level can be achieved regardless of age, gender, academic history or career. As a result, the number of female managers continues to grow with each passing year.

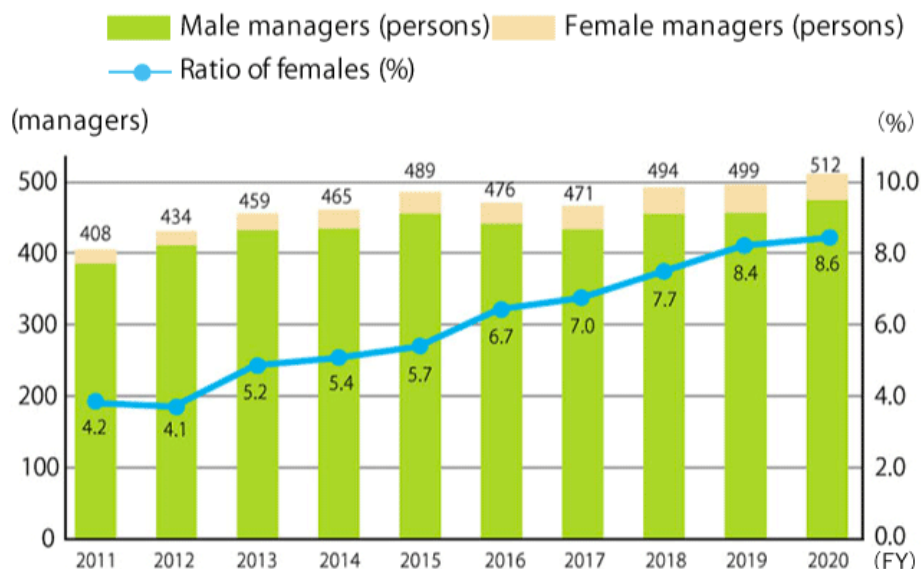
#### Helping Women Thrive in the Workplace

The appointment of female managers is one aspect of the results of our initiatives to encourage diversity in the workplace. The ratio of our female managers increased to 8.6% as of the end of March, 2021 (8.4% in

previous year). Our goal is to have 10% of our managerial positions filled by women by the end of fiscal 2024. We will continue with our efforts to encourage the greater involvement of women in the workplace.



● **Percentage of female managers**  
 (\*Nippon Kayaku non-consolidated basis;  
 excluding seconded employees)



**Finding a work style that each person can enjoy will lead to diversity**

After working on pharmaceutical testing methods at the research lab, I transferred to the head office in 1999. At that time, the head office had almost no women in management positions, but the number of women has increased over time, so I feel the company has changed. In the Quality and Pharmacovigilance Division, to which I belong, currently half (four) of the eight department and office managers are women. Also, our company has a good childcare leave and work system, which I myself used. In my opinion, having experience bringing up children adds to one's managerial skills. Before I had children, I thought that I would always be rewarded if I try hard, but babies have no consideration of one's efforts, so things did not go the way I wanted. In the meantime, while I was trying to find out what would make my child happy or have fun, to my surprise, I suddenly found that my child was growing. In management as well, it seems that when I am with an employee worrying about what will make them happy (what their strengths are), a good outcome will suddenly crop up. It may be that women are good at this type of management. I think it is natural that everyone has their own personality and skills. I believe that finding a work style that each person can enjoy will lead to diversity.



Yuko Nagai  
 Pharmaceuticals Group  
 General Manager of the Quality and Pharmacovigilance Division and Marketing Supervisor-General

**Employment of Persons with Disabilities**

Nippon Kayaku employs people with disabilities. As of the end of March, 2021, 49 people\* with disabilities are working with us (1.90% of total employees). Society demands that we move swifter in hiring persons with disabilities and so in the future we will strengthen our efforts and continue to actively hire persons with intellectual disabilities wherever possible.

\* One part time employee is included.

**Re-employment of Employees after reaching Mandatory Retirement Age (senior partners)**

Since April 2006, we have adopted the Nippon Kayaku Senior Partner System as a way to rehire employees who reached their mandatory retirement age. This system is intended to provide a place of work after retirement for former employees who are in good mental and physical health, are motivated to continue their career, and who can contribute their past career experiences and know-how. Participants are asked about their requested workplace, work duties and employment format, and since adopting this system we have been able to meet the requests of nearly 100% of participants who are rehired. Most of these participants continue on working until the age of 65. There are 136 reemployed persons working for Nippon Kayaku as of March 31, 2021.

## Development of Global Human Resources

As one of our efforts to promote diversity, we provide employees in Japan as well as at our overseas group companies with opportunities to thrive in a global environment. We also strive to develop our employees' language abilities by offering study-abroad programs, short-term intensive English programs and company-wide TOEIC test. Moreover, we provide employees assigned overseas as expatriates with training programs on various subjects including cross-culture training. In addition to the training programs, we will keep making efforts to develop global talent by means of promoting personal interactions between business units in Japan and overseas group companies and also enhancing our support to experience various cultures and business environments.

### More active role for women in the workplace

I joined Kayaku Safety Systems Europe a. s. as an HR Specialist in 2000.

At that time, KSE\* had 107 employees, and there were only two female managers at the company. The company currently employs 1,076 people, of whom 539 are women, and 4 women are in management positions, including me. In addition to these management positions, 10 women hold Group Leader positions in Administrative Division and Team Leader positions in the production department. The diversity of the work teams is key to the balance and healthy development of the company.



Kayaku Safety Systems Europe a. s.  
Jitka Simarova

We know that working in the production area with continuous shift operations is strenuous for women; however, we regularly hear from our women that they value the stability and personal development care that our company offers. What our female employees mainly want are good working conditions and work-life balance. In HR, we support the integration of women returning to work from maternity leave, so we currently offer part-time positions at selected workplaces for women with young children.

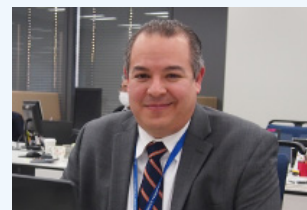
Personally, I think that there are still not enough women in leadership positions. That is why I am pleased every time one of my female colleagues is promoted to a leadership position.

The world is full of strong and independent women who motivate us. In my opinion, being strong does not mean being flawless, unafraid, and without any self-doubt. I think it means being able to deal with and accept one's own shortcomings and being aware of one's own value and expectations of life.

\* KSE: Kayaku Safety Systems Europe a.s.

### Global exchanges

After my involvement in setting up the plant of Kayaku Safety Systems de Mexico, S.A. de C.V. (KSM), I spent ten years on continual improvement activities with regards to quality and manufacturing. In June 2017, I took a position at Nippon Kayaku's head office as a member of the Global Quality Project team led by the Safety Systems Group's Quality Assurance Division, and then I later transferred to Himeji.



Jorge Montes, Safety Systems Group

Outside of work, my family and I have opened our hearts to the totally new world of Japan and its completely different living environment. We are learning Japanese as well as visiting various places, and our interactions with people's kindness along the way is an experience we cherish above all else.

I'm often asked, "What is your staple food? Can you buy it in Japan?" I always answer "Tortillas, and yes I can buy them in Japan."

In closing, we have the chance to make the Nippon Kayaku Group better on a daily basis. Let's be drivers behind change in each of our positions under the motto, "Everyone has a place in the driver's seat \*."

\* "Everyone has a place in the driver's seat": take the lead in taking action from the driver's seat(D-seat)

## Expanding Programs for Gender Equality

The Nippon Kayaku Group is expanding in-house programs for gender equality and encouraging their utilization. In terms of our Next Generation Childcare Support measures, we have rolled out various programs that exceed legal requirements, beginning with our childcare leave program. While percentage of childcare leave use for female employees was 100%(29 employees), that for male employees was 88.5% (31employees) from April 1, 2019 to March 31, 2020.

Also, percentage of reinstatement after childcare leave was 100% for both male and female employees, we will seek to develop a workplace culture that encourages male employees to participate in childcare.

### Special Paid Leave System

The Special Paid Leave System is a system whereby, in accordance with the Labor Standards Act, employees accrue special annual paid leave days that expire after two years and can use these days for such purposes as caring for a family member, nursing care for a child, participating in training, volunteering, getting infertility treatments, or donating bone marrow. No complicated procedures are required to use this program, as employees simply have to apply by providing supporting proof for their activity. In addition, even after using the program once, employees can continue to accumulate paid leave to the maximum number of days for employees' convenience.

Also, starting this fiscal year, in response to childcare and nursing care needs, employees are now allowed to take half-day leave as part of nursing care leave for adults or children.

●Special Paid Leave Program	
Applicable Uses	No. of Days Allowed
To receive treatment of an injury or illness that requires at least 4 consecutive days of care To receive outpatient services for rehabilitation or aftercare (within the stated period on the physician-issued medical certificate)	Up to 60 days
To provide nursing care to an immediate family member, aunt or uncle	60 days
To participate in a training program or volunteer activities	30 days
Leave in conjunction with the use of active points from the Nippon Kayaku Cafeteria Plan	5 days
To take leave in order to receive a vaccination or medical exam for a child of preschool age	5 days
To receive fertility treatments	60 days
To allocate additional days to childcare leave	10 days
To provide nursing care for a child of preschool age	10 days

## Work-life Balance

### Better Management of Employee Work Hours

With regards to compliance and mental health, the Nippon Kayaku Group strives to properly ascertain employee work hours and conditions, to take action where needed, and to manage working time properly by cooperation between employees and management. Additionally, from the perspective of enhancing work-life balance, starting last fiscal year we have reduced the total working hours by 7.5 hours and implemented work-style innovations to change the way employees think in an effort to increase productivity and create added value. We will now look to further reduce overtime hours and increase the percentage of paid leave taken.

To increase the rate at which paid leave is taken, we have established the new anniversary paid leave system and taken other measures to encourage employees to use their paid leave days. To reduce overtime, we need to change our workplace culture and change the way employees think (work-style innovation). As a result, we are improving work-life balance along with aiming to increase operational productivity and create added value. Additionally, the Nippon Kayaku Group employs workers in various formats, including rehired seniors (senior partners), contract workers, and part-time workers. We are now working to develop various training and systems for these different formats in response to the growing diversity of our workforce.

●Work-life balance (Nippon Kayaku non-consolidated basis)						
	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Total working hours	1852.25	1844.75	1844.75	1844.75	1844.75	1844.75
Overtime hours *Average monthly hours per employee	12.4	12.3	12.8	13.3	12.7	11.3
Number of paid leave days taken	10.6	11.5	11.0	11.3	11.1	12.3
Ratio of paid leave days taken	58.6%	62.7%	59.2%	61.1%	60.1%	65.8%
Employees taking childcare leave (males)	0	4	4	17	22	31
Employees taking childcare leave (females)	20	27	26	20	26	29

### Taking childcare Leave

#### Being able to share with my wife time to focus on raising our boys is the reason I could also make the most of it afterwards

When my wife gave birth to our second child, I naturally thought of taking childcare leave. I believe a major reason for this is because this is not just a system but a culture within which it is easy to take childcare leave as a male and from several years ago there has been a growing number of men around me taking childcare leave. I strongly feel this is a change in environment over the last two to three years, because, when my oldest son was born four years ago, I did not think of taking childcare leave.

While on childcare leave, I got to feel the daily changes and growth of my second son while also getting the chance to talk and play with my eldest son after he got home from daycare. It was a very fruitful childcare leave and my wife has said it enabled her to get into the rhythm of life.

There were times that did not go well and times when I got frustrated, but my wife and I could get through it calmly by talking and sharing the load. A major joy I got from the childcare leave was being able to get a real sense of this kind of joy in seeing our boys grow, as well as the tough aspects of raising children, and being able to share it with my wife. While this is merely my perspective, I feel this experience has enabled me to participate in raising our boys with an understanding of what my wife is going through without forgetting my appreciation toward my family after going back to work.

Lastly, I would like to thank my colleagues for all their help while I was on childcare leave, even though it came at a tough time.



Yuki Kobayashi  
Nonclinical Research Group  
Pharmaceutical Research  
Laboratories  
Pharmaceuticals Group

### Taking Childcare Leave

#### I want to continue working in my own way even if my lifestyle changes

I gave birth in 2016 and 2019 and took childcare leave both times. I have wanted to keep working at this company and make the most of my knowledge and experience, from when I started, got married, through to after having children. I was able to take childcare leave in a completely supportive workplace that respects this desire.

While I was on childcare leave with my second child the COVID-19 pandemic spread globally and we had to refrain from taking our eldest child to nursery school, and I felt uncertain about the future. However, despite this my husband and I had precious times working together in housework and raising our children and had deeper experiences and precious time with them. Returning to work also went smoothly through communication with my superiors and colleagues about the current situation of the company and the work I would undertake from there.

Having to take time off work is common to everyone, not just after giving birth. I was personally reminded of how reassuring it is for myself and family, in such situations, to be working in an environment with understanding colleagues and with a great system in place.

I am very thankful to and will do my best to requital of a favor my colleagues who backup me in balancing work and raising my children.



Erika Shibata  
General Affairs  
Management Department  
Tokyo Plant

## Development of Human Resource

### Training Programs

Various training programs are provided to employees according to their jobs positions. These comprehensive training programs are conducted so as to develop the skilled workforce that will lead Nippon Kayaku in the next generation.



Training programs

### ■ Mandatory Programs

We offer training programs for new hires, after employees' first and third years at the company, and in their fifth year of service, and for mid-level employees in accordance with their job types and positions. We support our employees to make new steps forward to develop practical skills based on the changes of their roles and competences.

### ■ Voluntary Programs

A wide array of voluntary training programs is also available. These voluntary programs are tailored to specific employee characteristics and jobs. They facilitate self-improvement and boost the job-related problem-solving abilities and business skills of the employees.

### ■ Selective Program

A program providing special leadership and management training is also available for the next generation promising candidates who are recommended by the superiors.

	By level		By job type		Elective programs		
	University graduates	High school graduates	Medical representatives (MR)	Researchers & Engineers	Technical	Managerial	Global
Junior and mid-career employees	New employee orientation		Introductory training Part 1 and 2	Introductory information research Introductory patents	Introductory information research Introductory patents		International business managers support
	Post first-year training		Follow-up	R&D research training Documentation	Documentation Intermediate patents		Short-term study abroad (from 3 months) Introductory English
	Third year training			Intermediate patents	Marketing		Intermediate English
		Post third-year training	Interpersonal skills MIR	Marketing	Marketing Interpersonal skills (MIR) Logical communication		Advanced English
	Career presentation				Problem solving methods: KT method Management simulations		
Leaders and managerial staff	Fifth year training				Mandatory programs Elective programs Medical Representatives Training & Education Dept.		
	Training to strengthen communication skills						
	Mid-career employees training						
	Networking with other industries						
	Self improvement seminar (TPI)						
Business leader development							
Newly appointed E-class employee training: Part 1							
Newly appointed E-class employee training: Part 2							
Senior manager training							

### Fukuyama Plant Basic training that is unique to a Fukuyama Plant

The Fukuyama Plant manufactures functional materials and color materials. The years following 2013 have seen the retirement of many senior employees such as those reaching retirement age and senior partners. It was expected technologies—including plant safety—may be at risk not being passed down in this period. Therefore, it was planned to employ many new staff including career employees. We implemented training in 43 categories of basic skills necessary to nurture employees of Fukuyama Plant to ensure the passing down of skills and technology without accident or major mishap during this period. As for points to be considered in implementing these 43 categories, the passing down of technology is a passing down from senior to junior, therefore it must be in conjunction with a nurturing of a training culture. To this end, leaders from section heads upward made the training curriculum for each basic skill considering the content to nurture their subordinates, while utilizing their horizontal connections. Leaders from



section heads upward were the instructors, teaching a wide range of skills and knowledge to mostly newly hired employees over the six years from 2014 to 2019.

While the technological transfer to new employees from those reaching retirement age and senior partner retirees over this six-year period has come to a more settled state, from 2020 the plant training program changed to a basic training program limited to development of new employees. Specifically, we reviewed basic training to fill gaps considering all training undertaken throughout Nippon Kayaku and third-party training undertaken various departments. We are maintaining an effective organizational structure throughout our plants, based on the experiences of this six-year period, the accumulated training materials, the revision of these materials through cross-departmental working groups, and with the help of the lecturers. Section heads, team leaders and other mid-career employees headed up efforts to create the curriculum and are teaching the newly hired employees the necessary information and knowledge.

The training is currently being undertaken with thorough precautions to prevent the spread of COVID-19 under pandemic restrictions on in-person training in large numbers. The training involves sharing information to achieve synergy between the organizational and human resource strengths of the plant. All new hires start with the same foundational basic training. This promotes the formation of a corporate culture whereby unity can be fostered. The training also involves IT skills to improve efficiency of tasks.

#### **Joetsu Plant** Training related to IATF 16949 and customers' requirements to in-vehicle products

ISO/TS 16949, the international quality management system standard in the automobile industry, was replaced with IATF 16949 in 2016, and we have been requested to comply with the standard by customers more than ever. Furthermore, in order to expand our sales of in-vehicle products (meters, center information displays, head-up displays <HUD>), it is also required to deepen our understanding for the standard IATF 16949 as a result.

However, to incorporate the new standard into our existing quality management systems and operate it, it is necessary to enhance the awareness of IATF 16949 internally first, and indispensable for our employees in charge of the development and production of in-vehicle products to apprehend it. Therefore, we have concluded to conduct training relating to IATF 16949 and customers' requirements to in-vehicle products.

When selecting employees to be trained, we picked up not all employees but those who wanted to be involved; however, with a higher interest than anticipated, a total of 150 employees have participated in the training over two years. Thus, in the future, we will plan to introduce a core-tool training system that would lead to a quality improvement by applying the system for our practices.

#### **Himeji Plant** Nurturing Young Employees and Improving Quality at the Himeji Plant

The Himeji Plant is the domestic production site and the parent plant for our overseas sites for automotive safety components handled by the Safety Systems Group. This plant continues to grow as our global business expands, so that it now has most employees of any of Nippon Kayaku's domestic plants.

Because of this, the number of young employees at the plant has been increasing rapidly due to new hires, and training them is a key issue. We therefore designed a systematic educational program geared toward young employees, launching it in fiscal 2019. This program seeks to upgrade employees' skills so that we can improve the quality of our products and our operations. This program develops human resources in tandem with our product quality education for mid-level employees, which was launched in fiscal 2018.

The program offers not just classroom learning but practical learning as well. Examples include education on the effectiveness of Kanban production that mimics the manufacture of toy blocks and sessions that teach employees the proper way to handle explosives using actual products, as



An educational program at the Himeji Plant



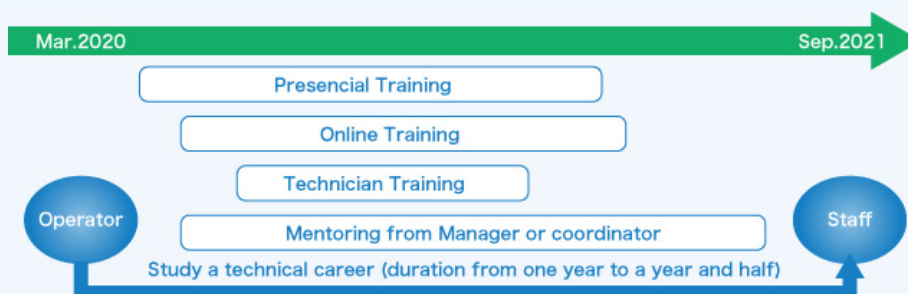
the Himeji Plant handles dangerous explosives. The program is reevaluated every year, so we plan to make more enhancements next year.

### Kayaku Safety Systems de Mexico, S.A. de C.V. (KSM) COE 3<sup>rd</sup> Generation\* (Change from Operator to Employee)

In KSM we have different programs for development of our collaborators, COE is a program that involves training operator level employees to become supervisors. We already finished the 2nd generation program and had a graduation ceremony on September 2019 with the 4 collaborators that accomplished the program with good performances.

The 3<sup>rd</sup> Generation program started in 2020 with 13 collaborators. It is planned for the collaborators to learn leadership skills, teamwork and problem-solving skills until their graduation in September 2021.

- \* COE 3<sup>rd</sup> Generation Program participants
- COE: change from operator to employee
- Operator (day worker; format of employment in Mexico)
- Employee (monthly worker; format of employment in Mexico)



### General Business Operator Action Program under the Act for Measures to Support the Development of the Next Generation

We submitted our Action Plan for Measures to support the Development of the Next Generation action plan (from April 1, 2020 to March 31, 2021) to the Tokyo Labor Bureau for approval on April 1, 2020. We will now work to obtain Platinum Kurumin certification as quickly as possible.



Kurumin logo

## Encouraging and Rewarding the Creation of Intellectual Property

### Encouraging the Creation of Intellectual Property

Nippon Kayaku develops its businesses and contributes to society by producing useful products through the creation and utilization of intellectual properties. To encourage the creation of intellectual property, we have established several programs to reward employee inventions, with both monetary awards and commendations.



#### 1. Performance Award Program and Invention Award Program

Our performance award program provides remuneration to employee patents that have contributed to sales. This program was initiated under the company's rule on the handling of employee inventions first prepared in 1963. This rule was created based on the provision of Japan's Patent Act and hence has been changed over the years with each modification to this law regarding workplace inventions. Inventors receive a certain percentage of the sales and licensing fees in each business year and, not only current employees, but retired employees are also eligible for such payments. Employees responsible for inventions or patents which including utility models and design patents that contribute particularly to sales are eligible to receive a lump sum payment in addition to the performance award, which incentivizes the creation of intellectual property.



## 2. Early Performance Contributions

Even for patents pending, if an invention has already made contributions to the performance of the Nippon Kayaku Group, the employee can receive remuneration known as an early performance contribution. This particular program was initiated in 2005 to properly recognize product inventions with a comparatively shorter lifecycle. This program serves to complement the previously mentioned Performance Award Program that covers patents after registration, and the fact that employees are eligible to receive payments based on sales for pending patent applications that are not yet registered makes for a very socially advanced program.

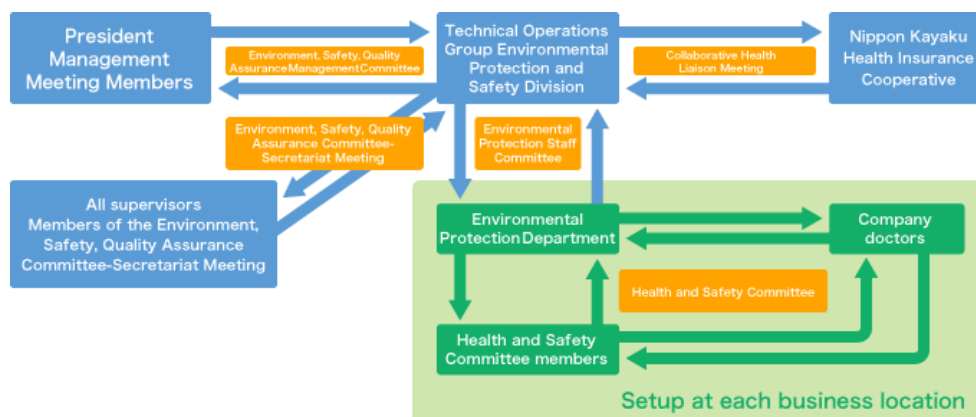
## 3. In-house Commendation for Excellent Technologies

At the Company-wide Research Presentation Conference held every year, a commendation ceremony is held for employee inventions that have been patented or are patent pending during which time talented inventors are presented with monetary prizes and awards. These awards include the R&D Director's Award, presented at the recommendation of each laboratory head, Patent Pending Award, for inventors with many patents pending, and the Best Invention Award, recognizing highly advanced technological innovations. Moreover, as a way of encouraging employee invention, lectures by award recipients are also held.

## Promoting Health Management

The Nippon Kayaku Group reviewed its Declaration on Environment, Health and Safety, and Quality in 2017 and as a result, decided to add an item on health. Employee health is an essential element in any company's prosperity and helps to enhance stakeholder satisfaction at the same time. For this reason, we are implementing various activities for not only preventing exposure to chemical substances handled during work, but also aimed at mental health care and reducing lifestyle diseases.

### Health management system



### Promotion of Health and Productivity Management

All employees of the Nippon Kayaku Group receive regular health exams, which form the basis for the health and productivity management. After undergoing an exam, employees meet with an industrial physician to receive advice and guidance on how to manage their health.

In addition, employees who handle designated chemical substances receive special health exams. Furthermore, we have created a database of hazardous chemical substances handled in the workplace, which is utilized to help prevent occupational diseases. Each workplace implements a THP\* for building mental and physical health in order to maintain and improve employee health. The goal is to encourage employees to review their lifestyle habits and promote continuous and systematic health improvement from a young age to ensure a healthier lifestyle. Specifically, physical fitness measurement, health management contests, walk rallies, hiking and other programs are being organized.

In March 2021, Nippon Kayaku was recognized for its efforts to improve the health of its employees, and was certified as a "Corporate Excellence Program 2021 for Health and Productivity Management" by a large company.

\* Total Health Promotion Plan (THP) is a program that utilizes that P-D-C-A cycle involving "health promotion plan," "health assessment," "health advice," "practical activities" and "improving lifestyle habit and invigorating the workplace."

### Recognition as a 2021 Certified Health & Productivity Management Outstanding Organization (large enterprise category)

Nippon Kayaku was recognized as a 2021 Certified Health & Productivity Management Outstanding Organization (large enterprise category)\*. This recognition is based on the evaluation of the Ministry of Economy, Trade and Industry of Japan and the Nippon Kenko Kaigi that Nippon Kayaku is a company that takes strategic initiatives for managing employee's health from a business standpoint.

Nippon Kayaku has traditionally offered many programs to maintain and promote employees' health, including stress checks, training sessions on mental health, and maintaining 100% participation in health exams. For this recognition, the Company was evaluated for having implemented as many health promotion programs as possible, including how it determines which initiatives to take, its initiatives for improving the results of health examinations, measures dealing with passive smoking, and health promotion events for all employees—while also taking into consideration preventing the spread of COVID-19.

At Nippon Kayaku, we believe that promoting employees' health is indispensable to the company's prosperity and to increasing our stakeholders' satisfaction, and we will remain proactive about health and productivity management going forward.

\* Corporate Excellence Program 2020 on Health and Productivity Management for large-scale corporate division : A nickname that refers to a certified corporation in the large-scale corporate sector for large-scale corporations and medical corporations among the "health management excellent corporations" established by METI in 2016.



## Mental Health Initiatives

To balance improvements in operational productivity with the creation of added value, employees need to have workplaces where they can thrive and also be in good mental and physical health.

The President of Nippon Kayaku issued a Mental Health Declaration in 2005 and since then we have provided thorough guidance to managers on the subject. Mental health care requires that all employees have the correct knowledge and understanding to ensure they can prevent or detect mental health issues at an early stage. We focus the greatest efforts on mental health issue prevention.

As a concrete example, we invited a speaker from our contract EAP\* to lead a mental health care training program, which was started in fiscal 2005, and has been held on a three-year plan basis since fiscal 2006, to enable all employees to take part. Currently, we are in the midst of a new three-year training plan started in fiscal 2018. In fiscal 2020, to prevent the spread of the COVID-19 pandemic, we have avoided training using mass gatherings. We have held online self-care programs for all employees in response to environmental changes such as the COVID-19 pandemic, as well as online "line-care" programs for business site managers where work-from-home initiatives are being undertaken.

Meanwhile, regarding the return to work of employees who needed to take time off to recover for mental health reasons, we have established a Return-to-Work Program. This program supports a smooth return to work, with prevention of recurrence in mind, through collaboration between the employee's superior (the Company), an occupational health physician and a counsellor. In addition, we hold stress checks every year in line with our obligations under the "Stress Check System" of the Occupational Safety and Health Act enacted on December 1, 2015.

\* EAP is an acronym for Employee Assistance Program.

## Health Improvement Initiatives at Business Sites

### ■ Responses at Business Sites without a Statutory Industrial Physician

Nippon Kayaku employee working at branches and business offices not required to appoint an industrial physician\* were unable to receive follow-up by an industrial physician after undergoing statutory health exams or adult disease exams of the KAYAKU Health Insurance Association administered at the main business hub for each region. As a result, in fiscal 2013, after examining how to provide follow-up at branches and business offices without an appointed industrial physician, we decided to dispatch the industrial physician of the head office to meet with these employees directly. Starting from fiscal 2014, the head office's industrial physician began annual visits to branches and business offices nationwide, from Sapporo in the North to Fukuoka in the south. The industrial physician reviewed the results of health exams before visiting and then selected certain employees for follow-up interviews. These employees meet with the industrial physician at a nearby location or by telephone conference. Because one year was spent covering all of Japan, on some occasions the health exam results of the previous year were used as a basis for interviews, instead of the results of the health exam taken in the same fiscal year of the visit. As a result, we determined an annual itinerary for industrial physician interviews and adjusted the timing of health exams accordingly to ensure that interviews are based on the latest health exam results.



\* Branches and business offices not required to appoint an industrial physician: Business sites that employ less than 50 workers are not required to appoint an industrial physician as per the provisions of Article 13 of the Industrial Safety and Health Act and Article 5 of the Order for Enforcement of the Industrial Safety and Health Act.

### Kayaku Safety Systems de Mexco, S.A. de C.V.(KSM) Bájale 1kilo menos: Weight Loss Program

KSM started the program "Bájale 1 kilo menos" in 2014, due to the "Chécate, Mídete, Muévete" campaign promoted by the Mexican Social Security Institute, which promoted physical activity and balanced nutrition to avoid overweight, obesity and other health problems.

The "Bájale 1 kilo menos" program promotes a healthier lifestyle in eating. The 11th edition was held during 2019, with the proposal to improve the lifestyle of our collaborators. The objective is to change eating habits according to the physiological and metabolic state of each, in order to lead a healthier and healthier life.



"1 Kilo Menos" Program	2017		2018	2019
	8th Feb – Jun	9th Aug – Nov	10th Feb – Jun	11th Feb – Jun
Target weight (kg)	629.4	573.4	678.5	573.8
Number of participants (persons)	100	91	91	63
Participation rate (%)	25%	22%	22%	15%
Number achieving target (persons)	7	12	10	12
Participant achievement rate (%)	7%	13%	11%	19%
Total weight loss (kg)	141.2	98.3	115.0	103.7
Total waist loss (cm)	497.75	89.10	545.30	256.4

\* KSM : based on Mexico, supply of the automotive and automotive components

Click to show the other activities

Kayaku Safety Systems de Mexico. S.A. de C.V.  
Opening of Futsal Court

KAYAKU CHEMICAL (WUXI) CO., LTD. (KCW) Health Checkup Seminar

## Initiatives for Health and Safety

The Nippon Kayaku Group is committed to promoting initiatives for occupational health and safety aimed at completely eliminating accidents and injuries in the workplace. This includes developing a system for safety training, implementing safety training on a company-wide scale, preventing accidents and injuries before they happen, and conducting health promotion programs.

### Safety Performance (targets and results)

The Nippon Kayaku Group sets targets for safety performance based on the following categories: serious accidents and injuries, serious environmental incidents, lost worktime accidents, non-lost worktime accidents, motor vehicle accidents, and non-injury related accidents. With regard to motor vehicle accidents, starting in fiscal 2016, we have subdivided this category further to set targets in the following sub-categories: serious accidents, personal injuries, property damage, and self-inflicted injuries for incidents counted with a separate target per subcategory, in order to analyze incidents and facilitate preventive measures.

#### 1. Safety Performance (results)

The safety performance of Nippon Kayaku business sites as well as all Group companies inside and outside Japan during fiscal 2020 is presented below.

There were no major injuries or accidents in fiscal 2020, in continuation from fiscal 2019. There were two lost worktime accidents within the Nippon Kayaku Group in fiscal 2020, which is also unchanged from fiscal 2019. The number of accidents not accompanied by lost worktime (minor injury accidents) was five, one more than fiscal 2019. Additionally, the number of non-injury related accidents was also one in fiscal 2020.

There was again no serious automobile accidents—either by MRs on work-related trips or during employee commutes—the same as fiscal 2019. Moreover, the total number of work-related automobile collisions decreased significantly to six in fiscal 2020, from 34 in fiscal 2019.

● FY 2020 Safety Performance

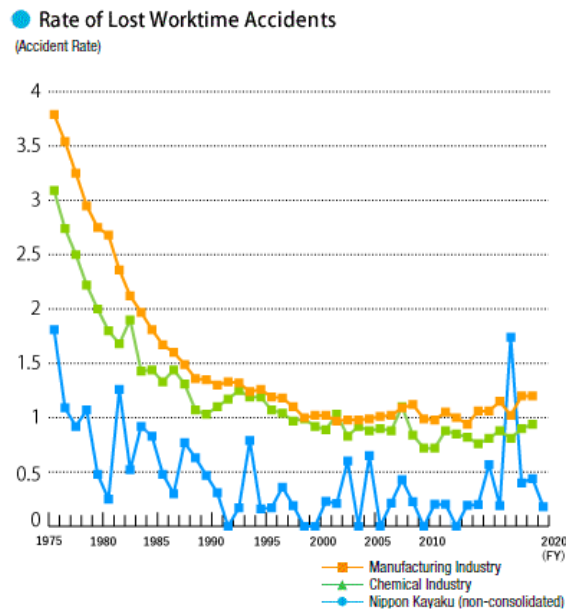
Item	FY 2019			FY 2020		
	Actual	Group	Total	Actual	Group	Total
Major injury / accidents	0	0	0	0	0	0
Serious environmental accidents	0	0	0	0	0	0
Lost worktime accidents	2	0	2	1	1	2
Accidents not accompanied by lost worktime (minor injury)	3	1	4	3	2	5
Non-injury related accidents	0	0	0	1	0	1
MR work-related / commuting automobile accidents*	Serious accidents	0		0		
	Personal injuries	3		0		
	Property Damage	14		4		
	Self inflicted	17		2		
	Total	34		6		

\* MR work-related / commuting automobile accidents: Only applicable to MRs using company-owned vehicles belonging to the Pharmaceuticals Group.

#### 2. Graph Comparison of frequency rate of Lost Worktime Accidents

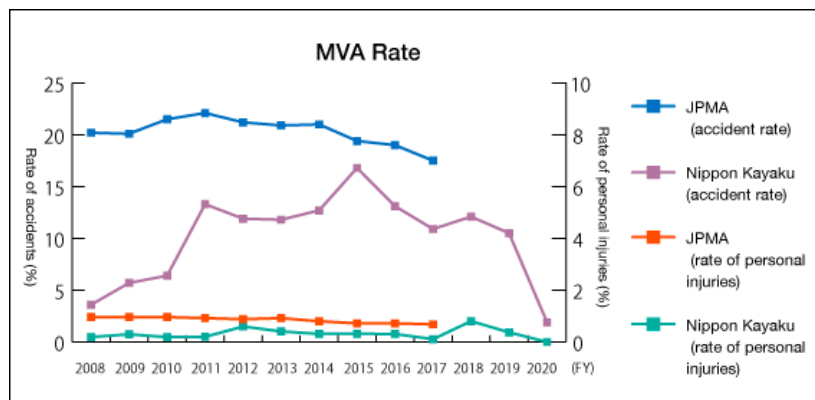
The frequency rate of lost worktime accidents at Nippon Kayaku in fiscal 2020 has maintained the same low rate since fiscal 2018 compared to the rate observed by the manufacturing industry and chemicals industry.

The rate at Nippon Kayaku suddenly increased in fiscal 2017, and greatly exceeded the rate observed by the manufacturing industry and chemicals industry. As a result, we undertook an investigation of lost worktime accidents in fiscal 2017 and found that many were the result of non-regular work. Therefore, we have included in our safety activities 30-second workplace patrol activities and fixed-point observations with the goal of pointing out unsafe actions in order to prevent accidents and injuries during non-regular work since fiscal 2018.



### 3. Efforts to Prevent MVA

While the rate of motor vehicle accidents at the Nippon Kayaku Group is lower than that of the Japan Pharmaceutical Manufacturers Association each year, our rate has remained somewhat elevated since fiscal 2011. However, in fiscal 2020, partly as an impact of the COVID-19 pandemic, the rate of accidents decreased significantly to a very low rate of six cases. Going forward, we aim to further reduce motor vehicle accidents.



### Health and Safety Activities at Each Business Site

We define the health and safety policy and targets, and we are undertaking a wide range of health and safety activities at our business sites.

- Safety Activities**
- Risk Assessment
  - Hiyari Hatto Activity
  - KYT Activity\*2
  - 5S Activity\*1
  - TPM Activity\*3

\*1 5S Activity: An acronym of five Japanese words phonetically starting with the letter "S".

\*2 Kiken Yochi Training (KYT): Danger Prediction Training.

\*3 Total Productive Maintenance (TPM): Activities that maintain equipment and facilities in good working order to ensure safety and maintain productivity.

## ■ 1. Conducting Safety Assessments (Risk assessment, understanding potential risk factors)

Each of our business sites performs safety reviews for new processes and facilities and whenever changes are made to existing processes and facilities. And we implements "Risk Assessments" in order to prevent business sites accidents, injuries, environmental accidents, complaints and quality issues. Risk factors in chemical reactions are analyzed primarily based on HAZOP.\*

\* HAZOP: Hazard and Operability Study. A safety evaluation methodology used at chemical plants. Potential hazards associated with chemical reactions can be comprehensively extracted for evaluation.

## ■ 2. Elimination of Shortcuts and Omissions

Accidents that have occurred within the Nippon Kayaku Group in recent years have tended to result from shortcuts or omissions. As a result, the Nippon Kayaku Group is working to share safety awareness across different workplaces by distributing work flow checklists to help eliminate shortcuts or omissions, having employees issue a safety declaration to prevent shortcuts and omissions, as well as displaying this safety declaration clearly in each workplace.

## ■ 3. Traffic Safety Initiatives

Many Nippon Kayaku Group employees drive a car as part of their work duties or to commute to work. We perform safe driving reviews using a camera-equipped drive recorder \*1. And using the driving aptitude test approved by the National Police Agency \*2. From now on, we will further strengthen the education of new employees in practical skills and engage in reducing traffic accidents.

\*1 Camera-equipped drive recorder: A recorder that can analyze bad driving habits, such as sudden acceleration, sudden braking, and sudden turns using sensors for front/back and right/left acceleration, gyrocompass and GPS system.

\*2 Driving aptitude test approved by the National Police Agency: An exam that measures the aptitude of driving based on seven written questions covering 11 topics, including decision making skills, ability to prevent collisions, and mental stability test.

## ■ 4. Deployment of AEDs

Driving aptitude test approved by the National Police Agency: A driving aptitude test that measures driving ability based on responses to seven questions covering 11 items including situational awareness, collision prevention ability, and mental stability, among others.



AED training

## ■ 5. Fire Response

Each business location is equipped with a fire truck, fire hydrant, and fire extinguisher for chemical substances in preparation for potential fire hazards. In addition to holding onsite training, employees also participate in local fire fighting competitions at which they have achieved strong results.

[▶ Related Articles](#)



Firefighting training

## ■ 6. Natural Disaster Response

As a precaution for earthquakes and other natural disasters at each business sites, we have compiled the Employee's Handbook of Disaster (Earthquake) Prevention and distribute it to each and every employee. This handbook contains instructions on emergency response when an earthquake occurs, how to make contact and confirm one's safety, and alternative methods to reach home when public transportation is unavailable.

Employee safety during a disaster is monitored by a safety reporting and communication system that uses email. As an earthquake strikes, the disaster response headquarters will send out an instruction by email to all employees. Employees can reply to the email by a simple touch of a button, which allows data to be collected. This system will be used to confirm employee safety during an earthquake of a seismic intensity of 6 or higher in Japan.

## **Kashima Plant** Recipient of Second Year of Reiwa Prime Minister's Commendation to Distinguished Service in Safety

The Kashima Plant was awarded the Second Year of Reiwa Prime Minister's Commendation to Significant Distinguished Services in the field. This recognition was for its contribution to the prevention of accidents and raising the level of industrial safety for 37 consecutive years without an accident since the start of its operations in 1982. This award is a commendation from the Prime Minister of Japan, awarded on July 1 every year on Japan's National Safety Day to individuals and organizations that have made a distinguished service to maintaining the safety of citizens such as through traffic safety or fire prevention.

This award is the culmination of the plant safety and operation efforts both past and present by former generations of workers and the current generation. March 31, 2021, was the 14,000th consecutive day with no accidents at the plant, however, is merely a milestone and not the end point of this record. The smallest thing could set off an accident and break this impressive record. We will continue to work to prevent accidents and disasters through operational safety efforts as one united workforce.



## **Kashima Plant** Improving Operator Skills through the Forklift Certification Program

There was a time when there were frequent occurrences of near misses involving forklifts at the Kashima Plant. The following initiatives were undertaken in an effort to prevent accidents before they happened with the goal of improving the skills of forklift operators.

### (1) Initiatives for improving skills

All forklift operators were required to take a practical skills short course led by an outside instructor covering the basics of forklift operations and approaches to operator skills and educational guidelines.

### (2) Introduction of operator certification program

Only those who passed the certification exam are allowed to operate forklifts (certification lasts for six months).

### (3) Environmental improvements

A permanent training course was set up so that operators can practice and take practical exams at any time.

### (4) Analysis of driver techniques

An omnidirectional driving recorder was installed on all forklifts to analyze operator conditions and habits using video footage.

These initiatives have helped to drastically reduce the number of near misses involving forklifts. The Kashima Plant will continue to use this certification program in order to prevent accidents before they occur.



## **Joetsu Plant** Safety training that simulates the situation where a hand is caught in a machine (hereinafter; a simulation machine) at Joetsu Plant

Until 2017, the Joetsu Plant had minor work-related injuries including getting caught in roll machines almost every year. When analyzing the causes of the injuries (or accidents), we found that nearly 80% of them occurred among new comers, who have been less than three years in the company. Then, we reviewed our education structures aiming at eradicating such the work-related injuries. In particular, we have strengthened safety training for employees up to the third year after joining the company to prevent accidents that occur after they are used to a task. The safety training is conducted to bottom up safety activities by our in-house instructors with the main theme for "5S / Awareness" in the first year of joining the company, "KYT" in the second year, and "Near-Miss incidents" (hereinafter; Hiyari-Hatto) in the third year. In this safety training, we utilize the simulation machine introduced in 2012 to provide the simulation training on "getting-caught into machines" using photocell sensors, emergency stop buttons, rope switch activation operations, proximity sensor functions as well. We also focus on the "hiyari-hatto" activities with the aim of preventing work-related injuries by enhancing the "improvement of awareness", "mutual attention" by employees. The target is that the employees submit three or

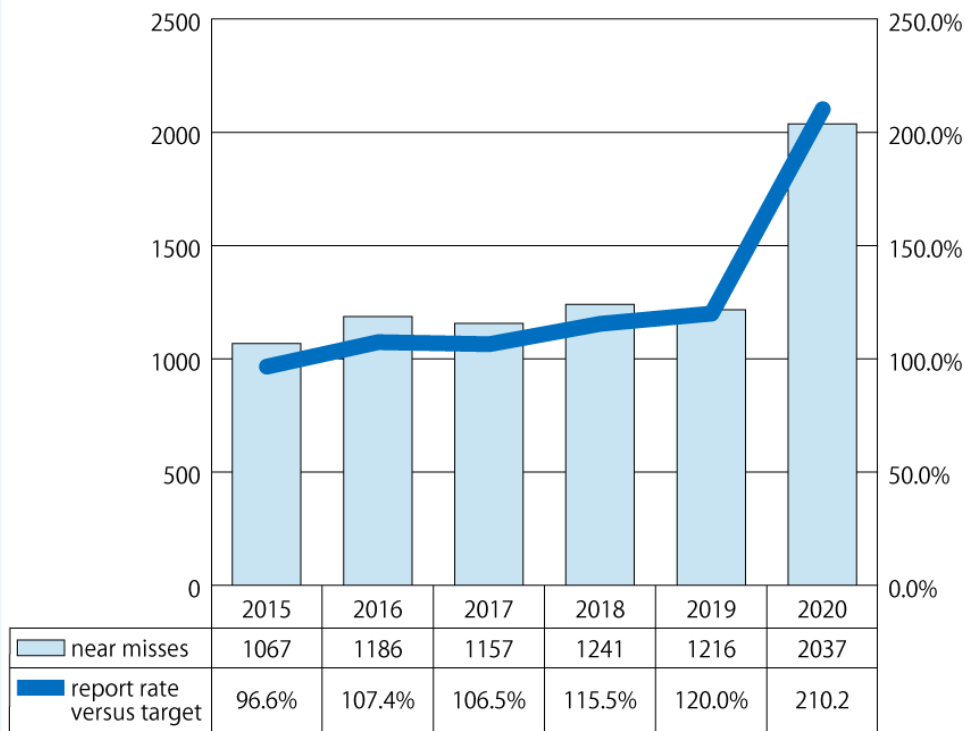




more “hiyari-hatto” reports per year per person, and in our Manufacturing Department, the activities are particularly strongly promoted.

Work-related injuries occurred almost every year up to 2017; however, through the activities mentioned above, there have been no work-related injuries consecutively since 2018, and the number of consecutive days of non-employee injuries has reached 1280 days (at March 6, 2021). We will continue to utilize PDCA to foster a corporate culture with a high level safety awareness based on our corporate activities.

■ Joetsu Plant Reported near misses and report rate versus target (fiscal 2020 is as of end of February)



#### **KSE** Kayaku Safety Systems Europe a.s.

The occupational health and safety of KSE employees is an indispensable element of all activities and a top priority of the company. A safe and healthy workplace is not only a fundamental right of workers, it also represents one aspect of KSE's daily operations. Therefore, KSE carries out regular training for confirming whether the optimal conditions are met with regards to employees' work. The company also carries out emergency training (hazardous chemical spills, etc.) and evacuation training to prepare for fires or explosions.

A great deal of attention is also paid to health in the workplace. In accordance with its occupational health and safety screening system, KSE carefully screens employees' aptitude for specific jobs. We carry out multiple checks on the work environment in order to monitor risk factors in each workplace. Based on the results, technical and organizational measures are proposed in order to eliminate jobs with latent hazards. For example, a gas extractor unit is installed on worktables where organic solvents are handled. These units ensure the thorough management of chemical substances in the work environment and eliminate hazardous jobs.

In this manner, KSE will continue to promote preventive measures and have employees propose ways to prevent close calls and actively participate in improvements in occupational health and safety.

## Labor Union/Management-Labor Relations

On June 1, 1998, Nippon Kayaku Co., Ltd. and the Nippon Kayaku labor union entered into a labor agreement "based on good faith and trust, in order to acknowledge the social significance and responsibilities of industry and labor, to mutually respect the each other's rights

based on the spirit of the labor laws, and to establish stable and peaceful relations between management and labor." Since then, this agreement has been renewed eight times in accordance with its purpose, so that today we maintain sound relations based on mutual trust between management and labor. Because the Company has a union shop system, with the exception of certain managerial and contract employees, union participation is 100%.

The Company and the union engage in active discussions, and the Company's policy regarding these discussions is to be candid while disclosing as much information as possible. Also, the Central-Management-Labor Liaison Committee meets three times a year, at which the executive team communicates the Company's management policies as soon as the annual business plan, mid-term business plan, and health and safety policy are firmed up. A central management roundtable is held monthly to deepen mutual understanding, to share information about the status of the Company, and to discuss how to solve problems. Also, we are making efforts to promptly communicate the outcome of these management-labor discussions to employees throughout the Company.

The labor agreement clearly states stipulations concerning discussions and negotiations. If there are major business-related changes that may have a profound impact on employees, employees and the employee representative are notified in advance. For example, notification of transfers requiring a change in residence are generally made at least one month in advance. Depending on the particulars, notifications and discussions occur even further in advance.

At the same time, with respect to issues faced by individual offices, we hold monthly business site management roundtables to obtain a shared recognition through discussions and opinion exchanges and to bring about a labor environment where it is easy to work.

### **Environment, Health and Safety (Integrated) Review with The labor union of Nippon Kayaku**

The Environment, Health and Safety Review is conducted together with the Quality Review in an integrated review of Nippon Kayaku's business sites and certain Group companies based on the annual plan. This review process also involves the labor union of Nippon Kayaku.



During the review, the progress of the environment, health and safety policy and plan of the business sites and Group companies being reviewed is checked and results of activities are identified through meetings, documents and onsite audits. The labor union is also given the opportunity to point out issues, as part of efforts to increase the level of safety and health at the company-wide level.

In fiscal 2020, however, to prevent the spread of the COVID-19 pandemic, there were no physical inspections conducted at business sites being reviewed, while a documentation inspection was conducted using a responsible care progress confirmation sheet compiled by the Environmental Protection & Safety Division.

### **Safety and Health Initiatives with the Labor Union**

The Nippon Kayaku labor union conducts health and safety training, titled the Level-Up Seminar (Health & Safety), which is co-hosted by the Company. The Nippon Kayaku labor union puts safety at the top of its action policy and holds this training annually over two days. The first day involves interactive safety training by a third-party specialist organization to experience and learn about actual dangers firsthand and why we follow rules, including getting caught in machinery or hanging from a safety harness. On day two, members of the Environmental Protection & Safety Division led a lecture entitled, "About learning safety measures from past accidents of Nippon Kayaku" and "How to strengthen safety awareness." Also, the labor union held a lecture called "Safety initiatives as a labor union," which explained the importance of a labor union tackling safety issues.

After the lecture, a group discussion was held to pick up and share valuable health and safety lessons and issues from each business site and each local branch of the union. This also focused on thinking about how to utilize and develop on these lessons learned and improve health and safety awareness at the participants' workplaces. While the seminar was cancelled in fiscal 2020 due to the COVID-19 pandemic, we plan to continue this initiative in future.

In addition, labor and management are collaborating toward developing workplaces where employees can work safely and maintain good mental and physical health through Environment, Health and Safety Reviews, elimination of harassment, and measures for mental healthcare.



	2018			2019			2020			Unit
	Total	Males	Females	Total	Males	Females	Total	Males	Females	
Percentage of available annual leave taken	61.1	56.7	81.6	60.1	56.8	75.9	65.8	63.9	74.8	%
Percentage of available childcare leave taken		39.5	100		52.4	100		88.6	100	%
Number of employees taking childcare leave	37	17	20	48	22	26	60	31	29	Persons
Return/retention rate for pregnancy and childcare leave	100	100	100	100	100	100	100	100	100	%
Use of nursing-care leave system	1	0	1	0	0	0	0	0	0	Persons
Use of shortened work hours system for childcare	21	2	26	33	2	31	43	0	43	Persons
Health check-up rate	100	100	100	100	100	100	100	100	100	%
		Manufacturing industry average (2018)		Manufacturing industry average (2019)		Manufacturing industry average (2020)				
Workplace accident frequency rate	0.43	1.2	0.44	1.2	0.18	1.2				Frequency rate
Workplace accident severity rate	0.012	0.1	0.034	0.1	0.000	0.1				Severity rate
Number of union member	1,762			1,871			1,753			Persons
	University degree	High school degree		University degree	High school degree		University degree	High school degree		
Starting salary	226,000	174,200		226,000	174,200		229,500	177,700		Yen
		2018		2019		2020				
Average number of hours of training per permanent employee each year (Japan)		-		-		41.07				Hours

\* The re-employment rate for retirees desiring re-employment has reached 100%